

**BEFORE THE PUBLIC UTILITIES COMMISSION  
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking to Establish  
the California Institute for Climate  
Solutions.

R.07-09-008  
(Filed September 20, 2007)

**REPLY COMMENTS OF MERCED IRRIGATION DISTRICT  
AND MODESTO IRRIGATION DISTRICT**

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In accordance with the Order Instituting Rulemaking and the October 10, 2007 Administrative Law Judge's Ruling Extending Schedule for Filing Comments and Responses to Comments, Merced Irrigation District (Merced ID) and Modesto Irrigation District (Modesto ID, together the Districts) file these Reply Comments regarding the University of California's proposal to establish the California Institute for Climate Solutions (Institute).

***1. The Commission Should Carefully Consider the CEC's Substantial Role in Managing Climate Change Research and Development Projects.***

The Districts agree with the California Public Utilities Commission (Commission or CPUC) that climate change is a critical environmental challenge. Merced ID and Modesto ID are committed to working toward reducing greenhouse gas (GHG) emissions and, to that end, are active participants in pending CPUC, California Energy Commission (CEC) and California Air Resources Board GHG-related proceedings.

The Districts believe that the State's public research institutions and policymakers can contribute to solutions to global climate change challenges. In fact, the CEC, through the Public Interest Energy Research (PIER) Program, created the California Climate Change Center to conduct climate change research. PIER has sponsored and is currently sponsoring several research and development programs focusing on climate change and GHG, many of which involve other public agencies and some of which involve the University of California.

PIER's Environmental Area (PIEREA) has funded research in the following five areas relating to climate change:

- (1) Climate monitoring, analysis and modeling;
- (2) Improving GHG inventory methods;
- (3) Evaluating the costs and benefits of options to reduce GHG emissions to achieve the maximum benefit from public and private investment;
- (4) Performing studies to identify potential impacts and effective adaptation methods for California; and
- (5) Performing economic analysis to estimate the costs of climate change and various policy responses.<sup>1</sup>

The University of California at Berkeley conducts climate change economics research for the Center. The Scripps Institution of Oceanography conducts climate change research for the Center.

The University of California previously participated in the PIER Program *Global Climate Change: California Implications Potential Impacts of Climate Change and Population Growth on California's Future Water Supplies*.<sup>2</sup> In this Program, PIEREA worked with the Electric Power Research Institute and the University of California at Davis to model the effects of various climate change and population growth scenarios on water supplies and hydropower generation throughout California.

Additionally, Governor Schwarzenegger issued Executive Order S-01-07 in January 2007, which directs the CEC, California Air Resources Board, the University of California and other agencies to coordinate in developing protocols for measuring the “life-cycle carbon intensity” of transportation fuels.

While the foregoing is not an exhaustive list of past and present CEC and PIER climate change and GHG efforts, it demonstrates that public agencies and the University of California receive funding through the CEC and the PIER Program for work in the climate change arena.<sup>3</sup>

In opening comments, several parties suggest that the Commission spread the costs of the proposed Institute over as large a base as possible, including customers of publicly owned utilities (POUs). POUs, like the Districts, are governed by locally-elected Boards of Directors.

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<sup>1</sup> California Climate Change Center, <http://www.climatechange.ca.gov/research/index.html>.

<sup>2</sup> CEC, PIER Program, [http://www.energy.ca.gov/pier/environmental/project\\_fact\\_sheets/500-97-043.html](http://www.energy.ca.gov/pier/environmental/project_fact_sheets/500-97-043.html).

<sup>3</sup> The Division of Ratepayer Advocates identifies several other existing programs focused on climate and environmental solutions. (Opening Comments of the Division of Ratepayer Advocates on the Rulemaking to Establish the California Institute for Climate Solutions, pp. 5-6.)

Parties appropriately recognize that, absent legislation, the Commission may not impose the costs of the Institute on customers of POUs.<sup>4</sup>

At least one party suggests that the Commission sponsor legislation that would make customers of POUs subject to any Institute-related surcharge.<sup>5</sup> Given the CEC's – and PIER's – substantial role in managing climate change and GHG work by public agencies and the University of California, it would be inappropriate for the Commission to propose legislation that may very well conflict with or duplicate matters within the CEC's purview.

## **2. Conclusion.**

The Districts respectfully request that the Commission carefully consider the CEC's substantial role in managing climate change research and development projects and not act in a manner, through sponsoring Institute-related legislation or otherwise, that conflicts with or duplicates the CEC's authority.

DATED: November 19, 2007

DAY CARTER & MURPHY LLP

By: /s/ Ann L. Trowbridge  
Ann L. Trowbridge

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<sup>4</sup> See, e.g., Opening Comments of PG&E (U 39 E) on Proposed Institute for Climate Solutions, p. 7; Comments of Morrison & Foerster LLP, p. 6; Opening Comments of the Division of Ratepayer Advocates on the Rulemaking to Establish the California Institute for Climate Solutions, p. 9.

<sup>5</sup> Comments of Morrison & Foerster LLP, p. 6

## **CERTIFICATE OF SERVICE**

I, Paula S. Hefley, hereby certify that I served a copy of the **REPLY COMMENTS OF MERCED IRRIGATION DISTRICT AND MODESTO IRRIGATION DISTRICT** on November 19, 2007, on all known parties to Service Lists for R.07-09-008 via electronic mail to those whose addresses are available and via U.S. mail to those who do not have an electronic address.

I declare under penalty of perjury under the laws of the State of California that the above is true and correct.

Executed on this 19<sup>th</sup> day of November, 2007, at Sacramento, California.

/s/ Paula S. Hefley

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PAULA S. HEFLEY

### **VIA ELECTRONIC MAIL:**

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